

ORDER NO. 79402

IN THE MATTER OF THE JOINT APPLICATION OF PFG GAS, INC. ("PFG") AND PPL GAS UTILITIES CORPORATION ("PPL") FOR AUTHORITY: (1) TO TRANSFER ASSETS AND FRANCHISE OF PFG TO PPL; (2) FOR PFG TO ABANDON THE EXERCISE OF ITS FRANCHISE; (3) FOR PPL TO EXERCISE THE FRANCHISE OF TRANSFER BY PFG; AND (4) FOR PPL TO CHARGE RATES FOR GAS SERVICES.	* * * * * * *	BEFORE THE PUBLIC SERVICE COMMISSION OF MARYLAND _____ CASE NO. 9020 _____
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On June 1, 2004 PFG Gas, Inc. (PFG) filed an application seeking approval to merge with its parent, PPL Gas Utilities Corporation ("PPL"). PFG is a wholly owned subsidiary of PPL. Under the Plan of Merger, PFG will transfer all property used and useful in provisionary public utility service and its franchise to PPL. Upon conclusion of the merger, PPL will provide utility service in PFG's Maryland service territory. Additionally, under the Plan of Merger, PFG will abandon all service in Maryland and cease existence as a corporate entity. The application also indicates that following the merger there will be no change in rates, service options, or facilities as they relate to utility service currently being delivered to customers by PFG.

In a memorandum dated July 12, 2004, the Technical Staff of the Commission ("Staff") filed comments regarding this matter. The Staff memorandum noted that PPL is an experienced provider of gas utility service, it owned and operated PFG in Maryland for six years with a satisfactory regulatory history, and its record as a gas utility in Pennsylvania is devoid of any adverse events. Moreover, Staff notes that there will be no change in the rates or services offered to Maryland customers. Staff recommended that the

Commission approve the PFG and PPL Plan of Merger as consistent with the public interest contingent upon PPL filing: (1) a certified copy of its charter; (2) a statement by its president and secretary, signed under oath, that the local authorities have provided the required consent for the exercise of the franchise; (3) a notice that the merger has been completed; and (4) a submission of a new tariff identical in all respects to the current tariff of PFG, except as to name and number.

Section 5-202, Public Utility Companies Article, *Annotated Code of Maryland* provides:

“Without prior authorization of the Commission, a public service company may not:

- (1) assign, lease, or transfer a franchise or a right under a franchise;
- (2) enter into any agreement or contract that materially affects a franchise or a right under a franchise; or
- (3) abandon or discontinue the exercise of a franchise or a right as a whole or in part.”

Section 5-104, Public Utility Companies Article, *Annotated Code of Maryland* provides in pertinent part:

“The Commission may authorize the act described in § 5-202 . . . if it finds that the authorization is consistent with the public convenience and necessity.”

After considering this matter at the Administrative Meeting of July 21, 2004, the Commission finds that the Application of PFG Gas, Inc. and PPL Gas Utilities Corporation is in the public interest and is consistent with the public convenience and necessity.

IT IS, THEREFORE, this 27th day of August, in the year Two-Thousand and Four, by the Public Service Commission of Maryland,

ORDERED: (1) That the Plan of Merger filed by PFG Gas, Inc. and PPL Gas Utilities Corporation filed on June 1, 2004 is approved;

(2) That PFG Gas, Inc. is authorized to abandon the exercise of the franchise granted by the Mayor and Board of Commissioners of the Town of Emmitsburg, Maryland and codified in Article XIV of the Code of Emmitsburg the operation thereof having been previously approved by the Commission on March 19, 1979 and further noted on October 7, 1994 and September 3, 1997;

(3) That PPL Gas Utilities Corporation is authorized to exercise the franchise transferred by PFG Gas, Inc. contingent upon PPL filing the following:

(a) A certified copy of its charter;

(b) A statement by its president and secretary, signed under oath, that the local authorities have provided the required consent for the exercise of the franchise; and

(c) Notice that the merger has been completed; and

(4) That PPL Gas Utilities Corporation is authorized to charge rates for gas service contingent on:

(a) The receipt of the documents required in (3) above; and

(b) The filing of its tariff identical to the current tariff of PFG Gas, Inc.

By Direction of the Commission

Donald P. Eveleth
Assistant Executive Secretary